

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Hungary	REPORT NO.	[REDACTED] 25X1A
SUBJECT	Foundries and Machine Industries Ministry	DATE DISTR.	14 July 1953
25X1C DATE OF INFO.	[REDACTED]	NO. OF PAGES	7
PLACE ACQUIRED	[REDACTED] 25X1A	REFERENCE	[REDACTED] 25X1A

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THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

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1. The organizational structure of the Foundries and Machine Industries Ministry (Kohó és Gépipari Minisztérium - KGM) followed the basic organizational pattern of all industrial ministries [REDACTED] paragraph 5/. For purposes of clarity only, the organizational structure of this Ministry can be divided into two main branches:
 - a. The Administrative Branch, which consisted of 15 Administrative Divisions (Elvi Főosztályok - literally, Theoretical Divisions).
 - b. The Production Branch, which consisted of 10 Production Divisions (Iparági Főosztályok - literally, Industrial Branch Divisions).
 2. In addition, each industrial ministry had as its highest council an Industrial College (Ipari Kollégium), which met once a week. Chairman of this College was the minister or his deputy. Membership of this body in the Foundries and Machine Industries Ministry consisted of the following.
 - a. The Minister
 - b. The First Deputy Minister
 - c. The Deputy Ministers for the Production Divisions
 - d. Directors of the Administrative Divisions
 - e. Deputy Directors of Administrative Divisions
 - f. Directors of Production Divisions
 - g. Deputy Directors of Production Divisions

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Administrative Divisions and Their Functions

3. The Minister's Secretariat (Miniszteri Titkarsag) handled all matters addressed to the Minister, to determine if they were to be dealt with by the Minister himself. It also handled secret material and the Minister's personal affairs.
4. The Secretariat of the Ministry (Miniszteriumi Titkarsag) saw that projected plans sent to the Ministry by the State Planning Office, and relating to various Production Divisions were implemented, and also that the instructions of the Industrial College were carried out by all the Divisions of the Ministry.
5. The Press Office (Sajto Iroda) directed and supervised all material published in technical periodicals by the industrial enterprises under the Ministry's jurisdiction. It surveyed technical literature and called to the attention of the Ministry all material related to its activities. It also acquired foreign technical publications for the use of the technical experts of the Ministry.
6. The Legal Division (Toervenyeloekeszitoe Osztaly) prepared the decisions of the Industrial College in the Ministry for submission to the Council of Ministers and the National Economic Council.
7. The Office of the First Deputy Minister (Miniszter Elsoe Helyettese) expedited business in the name of the Minister. The First Deputy signed documents for the Minister, gave instructions directly to the Administrative Divisions, and in general managed the affairs of the Ministry. In the absence of the Minister he had full powers of the Minister.
8. The Personnel Division (Szemelyzeti Foeosztaly) had very extensive functions. It kept close contact with the Personnel Departments of all enterprises under the Ministry and prepared staff plans for the industry. The Personnel Division appointed managers of industrial enterprises, the chief bookkeepers, and the technical directors, who still were recruited from the old class of technical intellectuals. Appointment to lower positions in the enterprises, such as section chiefs and others, were made by the management of the enterprises. Within the Ministry the appointment of officials below the rank of Division Chief was done in the respective Administrative or Production Divisions. Another function of the Personnel Division was the establishment of workers' cadres from among the workers and training them for supervisory or executive positions in the state administration. In the selection of workers recommended by the management of an enterprise, the Personnel Division of the Ministry subjected the candidates to a thorough examination on their ideological attitude, general information, knowledge of the teachings of Marx, Lenin, and Stalin, and their theoretical and professional preparation. These examinations were exhaustive and the candidates had to answer the same questions many times. The process was called "incadration". But even before a worker was called for incadration, the Personnel Division had been watching him for a long time and had all the facts about him on file. Every Administrative and Production Division had an observer in the Personnel Division. Workers finally selected for workers' cadres were sent to cadre training schools. The most promising ones went to the Red Academy

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9. The Administration Office (Gazdasagi Hivatal) through its Payroll Section handled employees' salaries, compensation pay for sickness, etc., and through its Budget Section purchased equipment, fuel and supplies and handled maintenance. This office also handled employees' housing problems and issued identity cards with photographs to employees, temporary passes to industrial enterprises, permanent passes for administrative employees, and passes to employees of other ministries or enterprises. It also controlled the telephone switchboard, the kitchen, the fire-stokers, the elevator operators, the door keepers, charwomen, chauffeurs, guards, locksmiths, joiners, etc.
10. The Production Division (Termelesi Foeosztaly) among other things, elaborated the principal instructions for production departments in the Production Divisions. It did trouble-shooting and smoothed out difficulties in production. For instance, if a factory needed a special cutting tool for the fulfillment of an urgent requirement for export or for reparations, and the enterprise manufacturing such a cutting tool under the Division for Machine Construction Industry was unable to manufacture it because of lack of materials, then the Production Division of the Ministry got in touch with a factory manufacturing high speed steel, through the Division controlling such a factory, and submitted an urgent request for the production of the high grade steel necessary for the production of the cutting tool. The Production Division also compiled data on the quality and quantity of articles produced by the iron industry according to plan in factories controlled by the Ministry, and it submitted this data for disposition to the Materials and Goods Distribution Division, which conducted a survey of the needs of industrial branches of the Ministry and determined whether or not the production covered the needs. The Production Division collaborated with the production departments of the industrial branch divisions and drew up a quarterly production plan.
11. The Labor Division (Munkaügyi Foeosztaly) elaborated for the labor departments of the Production Divisions instructions suggested by the State Planning Office. The most important function of the Division was the issuance of directives from which the labor departments of the Production Divisions calculated work norms for the maximum exploitation of workers and increased production. These work norms were in accordance with Marxist views and required the greatest performance of one worker within a limited period without endangering the worker's health. In this maximum output, capacity of the machine was taken into consideration. This meant that a worker operating a modern machine had to produce much more than one operating an obsolete machine. The Division also decided how many men should be employed in the plants to do each job. It was further charged with the responsibility for safety devices for workers in order to insure continuous increased production. Some of the items provided were: leather gloves or sleeves to protect hands and arms, asbestos clothing, goggles and masks to protect faces and eyes, and certain foods for workers who worked with harmful gases.
12. The Planning Division (Tervfoesztaly) collected production plans worked out by the enterprises and compiled by their Production Departments. Production Departments of factories had to submit plans containing the following items:
 1. Production Plan
 2. Financial Plan (which had to include a plan for lowering costs)
 3. Investments Plan, with plan for renovations
 4. Plan for requirements of basic and old materials, and plan for saving of materials
 5. Plan for technical development
 6. Labor plan, with special attention to the fixing of production norms.

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Plans not connected with production were not forwarded to the Planning Division, but to other divisions. In the fall of the year the Planning Division submitted these plans in elaborated form to the State Planning Office. During January and February of the plan year, the State Planning Office returned the plans with remarks and suggestions, and these were revised every three months. Every factory in Hungary was bound by these plans for production.

13. The Materials and Goods Distribution Division (Anyag es Aruforgalmi Foeosztaly) collected all data relative to production in plants controlled by the Ministry for use in overall national planning for industrial needs by the State Planning Office. After compilation of all data, the percentage of materials which could be allotted to individual Ministries for plants under their control was determined. These allotment plans, in percentages, were given to Production Divisions within the Ministry for their guidance.
14. The Bookkeeping Division for Enterprises (Vallalati Foekeonyveloeseg) issued directives to the bookkeeping offices in the various Production Divisions. These directives dealt with financial details in the enterprises and followed instructions issued by the Ministry of Finance.
15. The Technical Development Division (Mueszaki Fejlesztési Foeosztaly) under the direction of technical experts and engineers, studied publications for technical developments in foreign countries and tried to apply the latest techniques to Hungarian industries. It also checked new inventions and possible innovations and worked out means for expeditious application of new methods to Hungarian production. All research institutes were under the supervision of the Technical Development Divisions of the respective ministries, and under the Division in the Foundries and Machine Industries Ministry were research institutes dealing with chemical and technical improvements in enterprises under the control of the Ministry.
16. The Capital Investment Division (Beruhazasi Foeosztaly) carried out the yearly investment plan, as approved by the State Planning Office, covering new machinery to be installed in the various plants, new office and plant buildings, renovation of factories, machinery repairs, construction of damaged buildings and replacement of worn out machinery. This Division controlled the investment policy of the Production Divisions in the Ministry. Both technical experts and administrative personnel worked in the Division. The policy was carried out financially by means of credit accounts which the State Planning Office opened with the Hungarian Investment Bank (Magyar Beruhazasi Bank) for each enterprise to cover expenditures within the framework of the Five Year Plan. Accounting was done quarterly. Provisions were made for changes in requirements of individual enterprises within the plan period.
17. The Office of Administration of Confidential Matters (Bizalmas Ugykezeles) took care of all material classified confidential (bizalmas) and strictly confidential (szigoruan bizalmas) exchanged between the Ministry and the various enterprises. All such classified material had to be registered in this office and the documents, which were kept in safes, could be obtained only by authorized employees against a receipt. After formation of the Medium Machine Industry Ministry, classified material was, to a large extent, transferred to that Ministry.

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18. The above Administrative Divisions exist also in the following ministries:
- a. Mining and Power Ministry (Banya es Energiauegyi Miniszterium)
 - b. Medium Machine Building Ministry (Koezepgepipari Miniszterium)
 - c. Light Industry Ministry (Koenyueipari Miniszterium)
 - d. Ministry of Building (Epitesuegyi Miniszterium)
 - e. Forestry and Agriculture Ministry (Erdoe es Mezoegazdasagi Miniszterium), formerly the Ministry of Farming (Foeldmuevelesuegyi Miniszterium).

Production Divisions and their Functions

19. The Iron Metallurgy Division (Vaskohaszati Foeosztaly). Placed above the Director of the Iron Metallurgy Division was a Minister's Deputy by the name of KOMJATHY, to whom were attached advisers from Moscow (Soviet Secretariat) and who controlled the personnel delegated to this Division. There was no industrial center (ipari koezpont) under the Iron Metallurgy Division that would consolidate and centralize the affairs of smaller enterprises as an intermediary supervisory organ. This Division was responsible for supplying Hungarian industry with iron and steel. Its aim was to fulfill, or better, the iron and steel production plan. For 1952 the plan provided for the production of 2,100,000 tn. of steel by Hungarian ferrous metallurgy plants. Among the serious problems of this Division were a shortage of ferro-alloys, a shortage of carbon and graphite electrodes, a shortage of steel rollers, deficiencies in the shipment of iron ore, poor quality of metallurgical coke (too much dust), and a lack of scrap iron. The following plants were under the management of the Iron Metallurgy Division:
- a. Metallurgy Works, Ozd (Ozdi Kohaszati Uezemek)
 - b. MAVAG Metallurgy Works, Diosgyoer (MAVAG Kohaszati Uezemek)
 - c. Steel Products Plant, Salgotarjan (Salgotarjani Acelarugyar)
 - d. Sheet Metal Factory, Borsodnadasd (Borsodnadasdi Lemezgyar)
 - e. Loerinci Rolling Mill, Budapest (Loerinci Hengermue)
 - f. Ferrous Metals Furnace Construction Enterprise, Budapest (Vaskohaszati Kemenceepitoe Vallalat)
 - g. Hungarian Ferro-Alloy Factory, Zagyvarona (Magyar Vasoetvoezetgyar)
 - h. Refractory Materials Factory, Ozd (Ozdi Tuezalloanyaggyar)
 - i. Refractory Materials Factory, Diosgyoer (Diosgyoeri Tuezalloanyaggyal)
 - j. Refractory Materials Factory, Budapest (Budapesti Tuezalloanyaggyar)
 - k. Ceramics Refractory Materials Factory, Budapest (Keramia Tuezalloanyaggyar)
 - l. Magnesite Industry Refractory Materials Factory, Budapest (Magnezitipar Tuezalloanyaggyar)
 - m. Metallurgical Industry Planning Institute, Budapest (Koholipari Tervezoe Intezet)
 - n. Rakosi Matyas Works (Martin and Rolling Enterprises), Budapest (Rakosi Matyas Muevek Martin es Hengeruezemei)

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20. Machine Industry Division (Gepipari Foeosztaly). This division directly managed all machine industry enterprises of importance in Hungarian machine production. Indirectly, through the General Machine Industry Center (Altalanos gepipari koezpont), the Machine Industry Division managed all the smaller machine factories and plants as well. To my knowledge, among the most important factories under its supervision are:
- The MAVAG Machine Factory, Diosgyoer
 - The Lang Machine Factory, Budapest
 - All agricultural machine factories designed for the manufacture of stationary machines.
21. Transportation Industry Division (Jarmueipari Foeosztaly). This Division was created from the Machine Industry Division as a separate Division for the purpose of controlling plants producing any kind of automotive vehicle. Jenoe FOCK, Deputy Minister of the Ministry of Machine Industry is the chief of both the Transportation Industry Division and the Machine Industry Division. The plants under the control of Transportation Industry Division employ a total of about 50,000 workers, and include the following:
- Hungarian Railcar and Machine Factory, Gyoeer (Magyar Waggon es gepgyar)
 - Ganz Railcar and Machine Factory, Budapest (Ganz Waggon es gepgyar)
 - MAVAG Locomotive and Machine Factory, Budapest (MAVAG mozdony es gepgyar)
 - Csepel Automobile Factory, Szilagyí plant, Csepel Island (Csepel autogyar, Szilagyí telep)
 - IKARUS Automobile and Body Factory, Budapest, Matyasfoeld (IKARUS Auto es karosszeriagyar)
 - Ganz Shipbuilding Factory, Budapest (Ganz hajogyar)
 - ~~Hofherr Tractor Factory, Budapest (Hofherr traktoragyar).~~
22. Machine Tool Industry Division (Mueszeripari Foeosztaly). This is the smallest Production Division of the Ministry. It controls a large number of small tool manufacturing enterprises in cooperation with the Tool Industry Center (Mueszeripari Koezpont).
23. Communications Industry Division (Hiradastechnikai Foeosztaly). This Division controls the production of radios, telephones, and other communications equipment. It is in charge of the Communications Research Institute (Tavkoezloe kutato intezet), which does research in communications techniques from a navigational viewpoint. Among the enterprises under the control of this Division is the former Standard factory, (which was renamed in 1952 for a Greek partisan), and produced low voltage equipment. I do not know the names of other enterprises under this Division, but I heard that the enterprises controlled by the Division were producing great quantities of communications equipment for the Army.

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24. Consumer Goods Division (Toemegcikkipari Foeosztaly). This Division controlled a number of small factories employing 10 to 20 workers. These enterprises were centralized through the Consumer Goods Center and Consumer Goods Union. The Consumer Goods Division managed directly 15 to 20 factories, of which I recall the following:
- a. Elzett Locks and Hardware Factory, Budapest (ELZETT lakat es vasarugyar). According to my information a section in this factory does important war work.
 - b. Industrial Chain Factory, Budapest (Ipari Lancgyar) [REDACTED]
 - c. Szentgotthard Scythe and Blacksmith Articles Factory
(Szentgotthardi kasza es kovacsarugyar) 25X1A
 - d. Sopron Needle Factory, Sopron (Soproni Fegyver)
25. High Tension Power Division (Erosaramu Foeosztaly). Among the factories controlled by this Division were small enterprises which manufactured dynamos, high voltage connection fittings, insulators, carbon brushes, plugs, switches, and bakelite materials used for electrical appliances. The most important plant under this Division was the Ganz Electric Plant, Budapest (Ganz villamosagi gyar), which produced electrical motors for various machines and also certain high voltage implements.
26. "D1" Division (D1 Foeosztaly, Ipari Nyilvantartas). Activities of this Division were secret, and of a military character. The name "Ipari Nyilvantartas" (Industrial Records) is a cover name. Chief of the Division, (fnu) HIDASSI, a former laborer, was transferred to 25X1A the post of Deputy Minister [REDACTED] Entrance 25X1A to the staircase of this Division was cordoned off and only persons with special passes were allowed to enter it. I have no information about the plants under the control of this Division. I do not know why was it called "D1" Division.
27. Separate Division for Rakosi Matyas Iron, Steel and Metal Works. (Rakosi Matyas Vas Acel es Fommuevek, mint Oenallo Osztyaly). This Division managed the work of the enterprise at the plant on Csepel Island.
28. Heavy Metal Industry Division (Nehezfevipari Foeosztaly). The Heavy Metal Industry Division of the Foundries and Machine Industries Ministry formerly controlled exclusively the production of war materials, equipment and implements. In February 1952 this Division was separated from the Ministry and was established as an independent ministry under the cover name the Medium Machine Industry Ministry (Koezepgepipari miniszterium). [REDACTED]

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